

**Senate File 297 - Introduced**

SENATE FILE 297

BY R. SMITH

**A BILL FOR**

1 An Act excluding from the state corporate income tax certain  
2 income of public utilities furnishing water to the public,  
3 or furnishing sanitary sewage or storm water drainage  
4 disposal to the public, and including effective date and  
5 applicability provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.35, Code 2021, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 31. Subtract, to the extent included, the  
4 income of a public utility regulated by the utilities board  
5 derived from the operation of a system described in section  
6 476.1, subsection 3, paragraph "c" or "d".

7 Sec. 2. Section 476.6, Code 2021, is amended by adding the  
8 following new subsection:

9 NEW SUBSECTION. 22. *State corporate income tax exemption —*  
10 *customer benefits.* Customers of a public utility shall receive  
11 the full benefits of a utility's reduced state corporate income  
12 tax as provided in section 422.35, subsection 31. The board  
13 may approve rates with provision for adjustments to ensure that  
14 the rates are accurate and that customers receive the full  
15 benefits.

16 Sec. 3. EFFECTIVE DATE. The following takes effect January  
17 1, 2023:

18 The section of this Act amending section 422.35.

19 Sec. 4. APPLICABILITY. The following applies to tax years  
20 beginning on or after January 1, 2023:

21 The section of this Act amending section 422.35.

22 EXPLANATION

23 The inclusion of this explanation does not constitute agreement with  
24 the explanation's substance by the members of the general assembly.

25 This bill excludes from the state corporate income tax the  
26 income of a public utility regulated by the utilities board  
27 derived from the operation of a system that furnishes water by  
28 piped distribution system to the public for compensation, or  
29 furnishes sanitary sewage or storm water drainage disposal by  
30 piped collection system to the public for compensation. This  
31 provision of the bill takes effect January 1, 2023, and applies  
32 to tax years beginning on or after that date.

33 The bill also requires the customers of a public utility  
34 to receive the full benefits of a utility's reduced state  
35 corporate income tax that result from the bill.